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Family-type Public Goods and Intra-Household Decision-Making by Co-Resident South African Couples

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The household is a critical decision-making and consumption unit and various crucial decisions are indeed made within households. These include decisions on day-to-day expenditures, decisions about where to live, who to live with, who should work and how to raise income, as well as where children should attend school, and how to spend the available income. However, perceiving the household as a single ‘glued-together’ unit, whose interests are as that of an individual, suggests that investigations into intra-familial issues are unnecessary, thus neglecting what actually happens within households. Employing resource theory and the theory of assortative mating in the application of the cooperative intra-household bargaining model, the current study examines the sources of bargaining power that informs financial decision-making processes by females within co-resident couples. The study also determines how bargaining power and financial decision-making of female partners in co-resident couples impact on family-type public goods expenditure.

The study uses the 2008 baseline of South Africa’s National Income Dynamics Study (NIDS). NIDS offers a direct measure of financial decision-making responsibility, has gender disaggregated data on various determinants of economic bargaining power, enables the matching of partners in co-resident couples, and has data on household expenditure that is disaggregated and allows the identification of expenses on family-type public goods. Probit regression models are used to establish key economic and non-economic determinants of the decision-making responsibility of female partners in co-resident couples. Ordinary Least Squares (OLS) linear regression models are employed to determine the extent to which bargaining and financial decision-making power impact household expenditure on family-type public goods.

One major finding of the study is that within-couple differentials of age, income, and employment opportunities that favour a female partner, promote their financial decision-making. Such a result is confirmed by using dummies for within-couple differences. In this sense, assortative mating promotes the even distribution of decision-making power within couples. Given the current state of affairs portrayed in the data, where males are generally better off in terms of employment income and employment opportunities, a policy that focuses on narrowing heterogamy between wives and husbands through gender mainstreaming and empowerment, would enhance the decision-making role of women within co-resident couples. Arguably, household welfare is better protected in situations of homogamy – where bargaining power is more evenly distributed, unlike in a heterogamy situation – where one partner dominates the other in terms of bargaining power.

A second finding is that economic factors, in the form of income and employment status, and social factors such as age, play a critical role in positioning female partners in financial decision-making. Specifically, female partners' employment status consistently feature as a significant influence on the probability of making decisions on day-to-day expenditure. A lesson for policy from this finding is that direct economic empowerment of females raises their decision-making responsibility within the household.

A third key finding is with regards to the provision of family-type public goods as financial decision-making power translates into increases in expenditure on selected family-type public goods, particularly for women. Economic empowerment of females enables them to gain decision-making responsibility, and in turn spend more on family-type public goods such as food, utilities, health care, and education.

There is substantial support therefore for the bargaining model of intra-household decision-making.